

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)**

**POST BOND ISSUANCE REQUEST STAFF REPORT**

**REQUEST**

KQED, Inc. (Borrower) has sent written notice of its intent to redeem in full the outstanding California Economic Development Financing Authority Variable Rate Demand Refunding Revenue Bonds, Series 1996 (KQED, Inc. Project) (Bonds) in the amount of \$2,560,000 on July 1, 2012.

**BACKGROUND**

On April 23, 1996, the former California Economic Development Financing Authority (CEDFA) approved Resolution 96-06 authorizing the issuance of tax-exempt bonds in an aggregate amount not to exceed \$14,000,000. The Borrower is a nonprofit public benefit corporation which operates KQED-TV Channel 9, a non-commercial public television station, and DQED FM 88.5, a non-commercial radio station.

The proceeds of the Bonds were used to refund prior bonds issued in 1990 by Alameda County to finance the construction of its headquarters and broadcasting center in San Francisco (Prior Project). The Prior Project consisted of a three-story building with approximately 151,659 square feet, situated on 52,500 square feet of land.

In 1998, pursuant to SB 1184 (Chapter 4, Statutes of 1998), I-Bank assumed all of the responsibilities, liabilities and obligations of CEDFA and acts as CEDFA's successor entity.

According to the current trustee for the Bonds, US Bank, N.A. (Trustee), as of December 31, 2011, the outstanding principal balance of the Bonds was \$2,950,000. An optional redemption of \$390,000 was made April 1, 2012 leaving a balance of \$2,560,000. The remaining balance of outstanding Bonds is expected to be redeemed on July 1, 2012.

**NEED FOR ACTION**

Under Article IV, entitled Redemption and Purchase of Bonds, of the Indenture dated as of April 1, 1996, between CEDFA and the Trustee (Indenture), CEDFA shall not call Bonds for optional redemption, and the Trustee shall not give notice of any such redemption unless the Borrower has so directed such redemption and the Trustee has received the letter of credit bank's (LOC Bank) written consent to such optional redemption in accordance with the loan agreement dated as of April 1, 1996, between CEDFA and Borrower (Loan Agreement).

I-Bank, as successor entity to CEDFA, is in receipt of the Borrower's written direction to partially prepay Bonds including the consent of Wells Fargo Bank, N.A., as the current LOC Bank, and which also includes a request for the I-Bank's written consent to such optional redemption (see Attachment 1).

**BOARD DELEGATION AUTHORIZATION**

I-Bank Board Resolution 11-24 delegates to the Executive Director, in connection with any proposed redemption of bonds or prepayment of the obligations of others to the I-Bank (Redemption), the authority to take all actions and execute and deliver all I-Bank documents necessary or convenient to accomplishing such Redemption.

**STAFF RECOMMENDATION**

Staff has determined that this request meets the requirements of I-Bank Board Resolution 11-24 and the Borrower's written request to optionally prepay and redeem Bonds should be approved by the Executive Director.

**ATTACHMENT**

Attachment 1      Written Request of the Borrower to Prepay Bonds

Prepared  
by:



Elizabeth Hess, Public Finance Officer

6-19-12

Date

Reviewed  
by:



Joel Tokimitsu, Bond Unit Manager

6-19-12

Date

Comments:

Reviewed  
by:



Marilyn Munoz, General Counsel

6/19/12

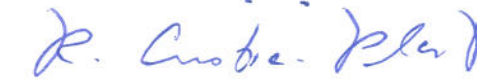
Date

Comments:

☒ The amendment request falls within the authority delegated to the Executive Director.  
I-Bank Board consideration and approval is not required.

☐ The amendment request does not fall within the delegated authority of the I-Bank  
Executive Director, and Board consideration and approval of the request is required.

Reviewed  
by:



Roma Cristia-Plant, Assistant Executive Director

6/19/12

Date

Comments:

Approved  
by:



Stanton Hazelroth, Executive Director

6-20-12

Date

Comments:

**Attachment 1 – Written Request of the Borrower to Prepay Bonds**



# KQED

May 24, 2012

Regina Lumanlan  
US Bank (formerly State Street Bank and Trust)  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> floor  
Los Angeles, CA 90071

RE: California Infrastructure & Economic Development Bank (Formerly California Economic  
Development Financing Authority)  
Variable Rate Demand Refunding Revenue Bonds  
Series 1996 (KQED, Inc. Project) (the "Bonds")

Dear Ms. Lumanlan:

Pursuant to Section 4.01(5) of the Indenture (the "Indenture") dated as of April 1, 1996 by and between the California Economic Development Financing Authority (the "Authority") and State Street Bank and Trust Company of California, N.A. (the "Trustee"), the Bonds may be redeemed by the Trustee, at the option of the Authority and upon the request of KQED, Inc. (the "Borrower") on any Interest Payment Date, in whole or in part, at a redemption price equal to the principal thereof plus accrued interest to the date of redemption.


Pursuant to Section 8.5 of the Loan Agreement, the borrower shall give written notice at least 45 days prior to the date of redemption to the Trustee, The Bank and the Authority specifying the principal amount of bonds to be redeemed and the date upon which such prepayment will be made.

Please accept this letter as the Company's written request to redeem the principal amount of Bonds shown below on the Interest Payment Date listed below:

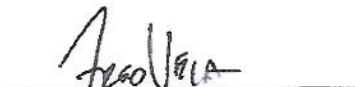
PRINCIPAL AMOUNT TO BE REDEEMED	\$2,560,000
Date	July 1, 2012

Sincerely,

  
Authorized Borrower Representative  
KQED, Inc.

  
Authorized Authority Representative  
California Infrastructure & Economic  
Development Bank (Formerly CEDFA)

Approved By:

  
Authorized Bank Representative  
Wells Fargo Bank, NA